

Independent Accountant's Report

Ms. Sylnovia Holt Rabb, Director
City of Austin Economic Development Department

We have performed the procedures enumerated in the attached Summary of Procedures and Results for use by the City of Austin (the City) and Travis County (the County) during the period January 1, 2022 to December 31, 2022.

The City is responsible for compliance with respect to certain provisions of the City of Austin's (the City), acting through the City's Economic Development Department (EDD) Chapter 380 Economic Development Agreement ("Chapter 380 Agreement"), approved by the City March 14, 2006, and was effective as of April 13, 2006, as well as certain provisions of the Travis County (the County) Chapter 381 Economic Development Agreement ("Chapter 381 Agreement"), dated February 1, 2006 (the specified requirements). The City's management is responsible for the determination of compliance by Samsung Austin Semiconductor, L.L.C.'s (the Company or Samsung) with those requirements.

The City's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the Company complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are enumerated in the attached Summary of Procedures and Results.

We were engaged by the City's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City and County, and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Austin, Texas
December 6, 2023

City of Austin

Summary of Procedures and Results

We have performed the following procedures related to certain records and transactions specified by the City:

1. With reference to section 4.01.1 of the Chapter 380 Agreement and section 5.1.1(b) of the Chapter 381 Agreement, we inspected a payroll report showing all of the Company's 300mm Fab employees who worked throughout 2022 or were hired during 2022. We confirmed that the report contains the employee ID's, hire dates, and annual salaries of 3,442 full-time individuals who worked during 2022.
 - a. We confirmed that according to the report, Samsung employed 2,730 full-time employees throughout 2022 as well as another 712 were hired in 2022.
 - b. We selected a sample representing 10% of the 2,730 full-time employees who were employed throughout 2022.
 - c. For each of the 274 employees in the sample, we inspected the September 17, 2022, November 10, 2022, December 23, 2022, January 6, 2023, and/or February 3, 2023, payroll stub, which confirmed the reported employee ID, full-time status, and compensation rate reported by Samsung.

Findings and Observations: No exceptions were found as a result of applying the procedures.

2. With reference to section 4.01.1 of the Chapter 380 Agreement:
 - a. We inspected a summary of contract employees who worked at the Company during 2022 through Samsung's contract with Randstad. We confirmed that according to the report, 144 such employees worked at Samsung throughout 2022.
 - b. We inspected a listing of contract employees who worked at Samsung during 2022 through Samsung's contracts with another 23 agencies. We confirmed that according to the report:
 - i. 2,695 contract employees worked at Samsung in 2022 under Samsung's contracts with the 23 vendors.
 - ii. Three of the 23 vendors accounting for 480 of the 2,695 contract employees worked at Samsung and
 - iii. Of the 20 non-Samsung vendors, two each had more than 200 contract employees at Samsung.
 - c. We inspected email communication from Samsung's Sujin Kang to the City's Terry Franz dated April 4, 2023. We confirmed that in the email, Ms. Kang provided contact information for Randstad and the two non-Samsung vendors referenced in procedure 2.b.iii. Based on the contact information provided, we confirmed via email with the two non-Samsung vendors the total FTE count as of December 31, 2022, which represents the total number of employees working at Samsung throughout 2022 who were employed by the companies contracted by Samsung.
 - d. We inspected email communication between the City's Terry Franz and representatives of two of the three vendors and confirmed that the two vendors had an aggregate total of at least 382 full-time equivalent employees employed at the Samsung throughout 2022.

Findings and Observations: No exceptions were found as a result of applying the procedures.

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3. With reference to section 5.1.1(b)(iv) of the Chapter 381 Agreement, we inspected the report referenced in procedure 1.a showing the employee ID's and annual salaries of each of the 2,730 full-time employees identified in procedure 1.a. We calculated the average annual compensation of the 2,730 employees and confirmed that it exceeds \$60,000.

Findings and Observations: No exceptions were found as a result of applying the procedures.

4. With reference to section 4.01.2 of the Chapter 380 Agreement:
 - a. We inspected an email dated April 4, 2023, from Samsung's Sujin Kang to the City's Terry Franz. We confirmed that according to the email Samsung's local employment recruiting agency throughout 2022 was Randstad.
 - b. We inspected an email dated April 4, 2023, from Randstad's Megan Partlow to the City's Terry Franz. We confirmed that, according to the email, 218 Randstad full-time, temporary employees converted to full-time, permanent Samsung positions in 2022.
 - c. We inspected an email dated April 4, 2023, from Capital Area Workforce Solutions' Lee Pendleton to the City's Terry Franz. We confirmed that according to the email:
 - i. Samsung Austin Semiconductor, L.L.C. posted 492 job openings (78 job orders) with Texas Workforce Solutions in 2022, and
 - ii. The number of Workforce Solutions hires is unknown because they do not have access to hire information unless the employer or job seeker enters it into WorkInTexas.com.

Findings and Observations: No exceptions were found as a result of applying the procedures.

5. With reference to section 4.01.3 of the Chapter 380 Agreement, we inspected reports and documents provided by the Company and we confirmed that:
 - a. Samsung had one active project in 2022, namely continuation of the AR project, a retrofit project initiated in 2020 to increase capacities and renovate/expand existing facilities;
 - b. There were five bid packages in 2022;
 - c. Eight certified firms responded to the five bid packages, including one firm that bid on (and was awarded) two of the packages and one other certified firm was also awarded.
 - d. No job fair was held in 2022 since the Company continued to refrain from activities where many people gathered; and
 - e. Section III.9.2 of the Company's 2020 request for proposals for the AR project, which is referenced by the 2022 contract with QAM, contains the requirement that the subcontractor participate in and/or hold recruiting fairs, if requested by the Contractor for the Minority Employment, for its workforce in areas of the City of Austin that are traditionally underrepresented and to strive to utilize a diverse workforce for any work performed at or for Samsung Austin Semiconductor, L.L.C.

Findings and Observations: No exceptions were found as a result of applying the procedures.

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6. With reference to section 4.01.4 of the Chapter 380 Agreement and section 5.1.1(f) of the Chapter 381 Agreement:
 - a. We inspected a list of the Company's 2022 payments for the AR project. We confirmed that the total 2022 contract amount for the project was \$251,223,550.83 and \$48,407,623.62 was paid in 2022, including \$1,427,099.86 (2.95%) to Asian/Native American contractors, \$1,862,139.00 (3.85%) to Hispanic contractors, and \$825,079.74 (1.70%) to women contractors.
 - b. We inspected reports and documents provided by Samsung and we confirmed that:
 - i. Four minority- and/or women-owned firms participated as first-tier subcontractors and five minority- and/or women-owned firms participated as second- or third-tier subcontractors;
 - ii. Each of the firms is certified either as a Historically Underutilized Business (HUB) contractor by the State of Texas, a WBE by the City, or a WBE by the National Women's Business Enterprise Council.

Findings and Observations: No exceptions were found as a result of applying the procedures.

7. With reference to section 4.01.5 of the Chapter 380 Agreement, we inspected a list of 208 businesses with whom Samsung reported having spent \$240,182,793.16 in 2022.
 - a. We selected a sample representing at least 10% of the businesses and we confirmed that each sampled business has a presence in the Austin-Round Rock Metropolitan Statistical Area, as defined in the Chapter 380 Agreement.
 - b. We selected a sample representing at least 10% of the reported 2022 expenditures with the 208 companies. For each business selected, we obtained from Samsung a schedule of the invoices comprising the reported expenditures. We confirmed that each of the schedules supports the 2022 expenditures reported by Samsung. We selected a sample of transactions, including at least one from each sampled vendor, representing at least 10% of Samsung's reported 2022 expenditures with the 208 companies.
 - c. For 91 of the 103 transactions sampled, comprising 97.67% of the aggregate value of the sample set, we inspected an invoice or other supporting documentation and we confirmed that each invoice in the sample ties to the expenditure reported by Samsung.
 - d. We confirmed that Samsung provided tracking spreadsheets but not invoices for 12 of the 103 sampled items, comprising 2.33% of the aggregate value of the sample set. We confirmed that Samsung reported that these 12 transactions are lists of consignment items from two of the sampled vendors which are held at Samsung and purchased as they are used by Samsung, without being invoiced by the vendors.
 - e. We inspected the tracking spreadsheets provided by Samsung for the 12 consignment transactions. We confirmed that each of the spreadsheets totaled exactly the expenditures reported by Samsung.
 - f. Confirmed that the 91 invoiced transactions and the 12 consignment lists that tied exactly to the expenditures reported by Samsung supported 2022 expenditures by Samsung of \$60,645,337.08 or 100% of the aggregate value of the sampled items.

Findings and Observations: No exceptions were found as a result of applying the procedures.

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8. With reference to section 4.04 of the Chapter 380 Agreement, we obtained from the City a query of the City's Interactive Development Review Permitting and Inspection Database for records with Samsung in the Project Name (site plan or subdivision applications and/or amendments filed by Samsung) for the period January 1, 2022 through January 9, 2023 and email communication dated January 12, 2023 between EDD's Terry Franz and Christopher Johnson of the City's Development Services Department. We confirmed that according to the email Samsung had complied with water quality regulations in effect at the time of the site plan application between January 1, 2022 and January 9, 2023.

Findings and Observations: No exceptions were found as a result of applying the procedures.

9. With reference to section 4.04 of the Chapter 380 agreement:
 - a. We inspected memoranda to City Mayor and Council, from Katie Coyne, Watershed Protection Department (WPD) Assistant Director, dated January 27, 2022 and February 10, 2022. We confirmed that:
 - i. In January 2022, the City was notified that a large discharge of diluted acidic industrial process wastewater, originating from Samsung's facility beginning in 2021, contaminated Samsung's stormwater pond and an unnamed tributary of Harris Branch Creek; and
 - ii. Samsung reported the discharge to the Texas Commission on Environmental Quality (TCEQ) on January 14, 2022, and reported regularly to the City's Watershed Protection Department (WPD) during pond remediation.
 - b. We inspected email communication from Ryan Hebrink of the City's WPD to the Company's Caleb Poenitzsch dated June 22, 2022. We confirmed that on June 22, 2022, WPD notified Samsung that Samsung had met WPD's requirements to return the pond to normal operations and begin discharging back into the tributary, and confirmed the need for Samsung to continue working to bring the pond into compliance with the site plan.
 - c. We inspected an email dated February 7, 2023, from the City's Watershed Protection Department to EDD concerning inspection of water quality ponds. We confirmed that according to the email, the Samsung's pond has been inspected and is compliant.
 - d. Inspected an email dated May 12, 2023, from the City of Austin Watershed Protection Department to the City of Austin Economic Development Department concerning inspection of water quality ponds. Confirmed that according to the email, Samsung is compliant, or is satisfactorily addressing minor issues that exist regarding the stormwater control measures at the Samsung facility.

Findings and Observations: No exceptions were found as a result of applying the procedures.

10. With reference to section 5.1.2(c) of the Chapter 381 Agreement:
 - a. We obtained Samsung's report entitled SAS 2022 Non-Profit Partners. We confirmed that according to the report, Samsung paid \$770,186 to 46 local non-profit organizations and education agencies in 2022.
 - b. We selected a sample representing at least 10% of Samsung's reported 2022 financial contributions to local education and non-profit organizations.

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- c. For each item in the sample, we inspected an invoice or letter of acknowledgement from the recipient organization and confirmed that the document supports the contribution reported by Samsung.
- d. We obtained Samsung's report, entitled 2022: Samsung Austin Semiconductor Community Engagement, and confirmed that according to the report, Samsung employees participated in the following events in 2022:
 - i. Seven employees mentored Manor ISD students;
 - ii. Quarterly blood drives resulted in 142 blood donations;
 - iii. Eight employees served as judges for the Austin Energy Science Fair in February;
 - iv. Two employees hosted a virtual room and provided a tutorial on drawing and making a circuit with a graphite pencil, battery and red light for UT Girl Day on March 19;
 - v. Employees donated \$2,760 to Austin Disaster Relief, Bastrop Long Term Recovery, American Red Cross, and the Salvation Army following tornados in the Austin area in March;
 - vi. More than a dozen employees walked in the Juneteenth parade in June;
 - vii. On August 11, 19 Samsung employees participated in the American Heart Association Coach Kickoff to rally other employees behind the Heart Walk;
 - viii. 49 employees signed up to attend the Austin Pride parade on August 14;
 - ix. In August, Samsung employees collected over \$3,000 for a school supply drive to benefit Manor ISD;
 - x. On October 22, 93 employees participated in the American Heart Association Heart Walk, and Samsung raised \$116,374 and was the 2nd place in top company fundraiser category;
 - xi. In November, Samsung coordinated a Turkey Drive fundraising campaign to provide holiday meals to Manor ISD families in need, raising \$2,000 from 23 donors;
 - xii. In November and December, 500 Samsung employees adopted 40 Manor ISD families with 119 children for the holiday season;
 - xiii. On December 14, Samsung hosted the Manor ISD Fine Arts Program holiday performance by Pioneer Crossing Elementary Panther Choir and members of the Manor New Tech Titan Regiment Band;
 - xiv. In December, Samsung employees donated over \$2,000 to Central Food Bank to provide more than 10,000 meals; and
 - xv. 37 Samsung employees contributed to raise \$6,056 to help families to afford utility bills, groceries, clothing, hygiene items, bedding and space heaters during Season of Sharing in December.

Findings and Observations: No exceptions were found as a result of applying the procedures.

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11. With reference to sections 5.01 and 5.02 of the Chapter 380 Agreement and section 4 of the Chapter 381 Agreement:
 - a. We inspected the Travis County Tax Statement showing taxes due January 31, 2023, for Property ID 754867, Geographic ID Number 02423102310006. We confirmed that:
 - i. The 2022 appraised value was \$58,729,105;
 - ii. The City tax rate was \$0.4627 per \$100 valuation, and the City taxes were \$271,739.57;
 - iii. The County tax rate was \$0.318239 per \$100 valuation, and the County taxes were \$186,898.92;
 - iv. 75% of \$271,739.57 is \$203,804.68; and
 - v. 65% of \$186,898.92 is \$121,484.30.
 - b. We inspected the Travis County Tax Statement printed February 13, 2023 for Parcel Number 754867 (Travis Central Appraisal District Geographic ID 2423102310006) and confirmed that it shows no taxes due for the property.
 - c. We inspected the Travis County Tax Statement showing taxes due January 31, 2023, for Property ID 766977. We confirmed that:
 - i. The 2022 appraised value was \$90,667,101;
 - ii. The City tax rate was \$0.4627 per \$100 valuation, and the City taxes were \$419,516.68;
 - iii. The County tax rate was \$0.318239 per \$100 valuation, and the County taxes were \$288,538.08;
 - iv. 75% of \$419,516.68 is \$314,637.51; and
 - v. 65% of \$288,538.08 is \$187,549.75.
 - d. We inspected the County Tax Statement printed February 13, 2023 for Parcel Number 9766977, and we confirmed that it shows no taxes due for the property.
 - e. We inspected the County Tax Statement showing taxes due January 31, 2023, for Property ID 844836, Geographic ID Number 02423102310008. We confirmed that:
 - i. The 2022 appraised value was \$4,107,350;
 - ii. The City tax rate was \$0.4627 per \$100 valuation, and the City taxes were \$19,004.71;

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- iii. The County tax rate was \$0.318239 per \$100 valuation, and the County taxes were \$13,071.19;
- iv. 75% of \$19,004.71 is \$14,253.52; and
- v. 65% of \$13,071.19 is \$8,496.27.
- f. We inspected the Travis County Property Tax Receipt printed February 13, 2023 for Parcel Number 844836 (Geographic ID number 02423102310008), and we confirmed that it shows no taxes due for the property.
- g. We inspected the County Tax Statement showing taxes due January 31, 2023, for Property ID 844837. We confirmed that:
 - i. The 2022 appraised value was \$1,185,263,136;
 - ii. The City tax rate was \$0.4627 per \$100 valuation, and the City taxes were \$5,484,212.53;
 - iii. The County tax rate was \$0.318239 per \$100 valuation, and the County taxes were \$3,771,969.55;
 - iv. 75% of \$5,484,212.53 is \$4,113,159.40; and
 - v. 65% of \$3,771,969.55 is \$2,451,780.21.
- h. We inspected the Travis County Tax Statement printed February 13, 2023 for Parcel Number 9844837, and we confirmed that it shows no taxes due for the property.
- i. We confirmed that the sum of \$203,804.68, \$314,637.51, \$14,253.52, and \$4,113,159.40 is \$4,645,855.11.
- j. We confirmed that the sum of \$121,484.30, \$187,549.75, \$8,496.27, and \$2,451,780.21 is \$2,769,310.53.

Findings and Observations: No exceptions were found as a result of applying the procedures.